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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1944

No. 202

LANDIS MACHINE COMPANY,
Petitioner,

vs.

CHASO TOOL COMPANY, INC.,

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

WILLIAM A. STRAUCH,
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STRAUCH & HOFFMAN,
Of Counsel.

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STATUTES CITED.

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LANDIS MACHINE COMPANY,

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Respondent.

PETITION FOR WRIT OF CERTIORARI.

TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

To the Honorable Harlan F. Stone, Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Landis Machine Company, respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Sixth Circuit to review the decree of that Court, dated April 4, 1944 (R. 4250) in suits for alleged infringement of fourteen machine tool patents, affirming the decrees of the District Court of the United States for the Eastern District of Michigan, Southern Division (R. p.

4204; 53 USPQ 200), directing that the bills of complaint (R. p. 4204) be dismissed.

The transcript of the record in these cases, including the proceedings in the Circuit Court of Appeals, has been furnished in accordance with the rules of this Court.

A.

Summary Statement of Matter Involved.

These causes arose from equity suits for patent infringement filed by Petitioner against Respondent, and involve the application of the doctrine of expendable or perishable elements of patented combinations under the decision of this Honorable Court in *Wilson* v. *Simpson*, 9 How. (50 U. S.) 109, 13 L. Ed. 66, as interpreted in the cases of *Gillette Safety Razor Co.* v. *Standard Safety Razor Co.*, 64 Fed. (2d) 6 (17 USPQ 397) (C. C. A. 2), *Gillette Safety Razor Co.* v. *Hawley*, 64 Fed. (2d) 10 (17 USPQ 401) (C. C. A. 2); *American Safety Razor Corp.* v. *Frings Bros. Co.*, 62 Fed. (2d) 416 (16 USPQ 79) (C. C. A. 3); the applicability of the doctrine of misuse of patents under this Honorable Court's decisions in the cases of *Carbice Corporation of America et al.* v. *American Patents Development Corp.*, 283 U. S. 27, 75 L. Ed. 819, 51 S. Ct. 334; *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458, 82 L. Ed. 371, 51 S. Ct. 288, *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U. S. 488, 88 L. Ed. 363, 62 S. Ct. 402, and *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268; the applicability of the Clayton Act of October 15, 1914, c. 323, Secs. 3 and 4, 38 Stat. 731, U. S. C. Title 15, Secs. 14 and 15, to Petitioner's patent and license notices; and the application of the doctrine of contributory infringement under this Honorable Court's decision in *Leeds & Catlin Co.* v. *Victor Talking Machine Co.*, (*No. 2*), 213 U. S. 325,

53 L. Ed. 816, 29 S. Ct. 503, as modified by the decision in *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, and the cases referred to therein.

The suits against Respondent, Chaso Tool Company, Inc., are based primarily on contributory infringement of fourteen patents, claiming novel thread-cutting combinations, charged by the bills of complaint (R. pp. 16-19), which sought an injunction and accounting for past infringement of the patents in suit (R. p. 28).

The District Court in the instant causes held the patents, all of which contained combination claims, anticipated or devoid of invention over prior art, none of which disclosed or suggested the particular combinations claimed or devices capable of accomplishing the improved results obtained by these combinations; held that the defendant was not guilty of contributory infringement by reason of its manufacture of the threading chasers, the element of the patent claims which controls the automatic operation of the combinations, feeds the work and cuts the threads; held that plaintiff's patent and license notices in effect, but not expressly, gave plaintiff a monopoly beyond the scope of its patents and constituted a violation of the Clayton Act.

The Court of Appeals refused to pass on the question of validity of the patents but affirmed the District Court's ruling as to contributory infringement on the theory that the threading chasers were expendable or perishable elements; affirmed the District Court's ruling as to misuse of patents by reason of the patent and license notices on the theory that the chaser was an expendable element not protected by the combination claims; that while the patent and license notices did not expressly constitute an unlawful condition of sale, by inescapable implication they did

constitute an unlawful condition rendering plaintiff guilty of violation of the Clayton Act; and denied plaintiff's contention that this case was controlled by the Leeds & Catlin doctrine of contributory infringement, as modified by the decisions of this Honorable Court in *Mercoid* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, while refusing to specifically base its decision on this proposition because of a belief that the full sweep of the implications of the Mercoid decision could not be fully grasped because of its newness and the fact that it felt this Honorable Court's specific application of the Mercoid decision to other cases should be awaited before attempting to apply the doctrine announced therein.

The findings of the District Court upon which its rulings and the rulings of the Court of Appeals are based consist of two hundred and ninety-eight (298) fact findings substantially all of which are fully supported by the record; show that defendant, knowingly and with intent that its chasers be used in bringing into being the patented combinations covered by the patents in suit, sold the chasers to users who completed the infringing combinations (Findings 221 to 229, 233; R. pp. 4184, 4185, 4186); and show that plaintiff's patent and license notices do not contain any condition heretofore held to be repugnant to the doctrine of the Carbice line of cases or the Clayton Act (Findings 292, 295, 296, 297; R. pp. 4192, 4194, 4195).

Respondent, Chaso Tool Co., Inc., admittedly copied plaintiff's thread cutting chasers in minute detail from actual specimens of plaintiff's thread cutting chasers (Findings 277, 278; R. p. 4190); did not make the complete patented combination (Finding 242; R. p. 4187); and sells said precise copies of plaintiff's thread cutting chasers to its customers with the specific intention that plaintiff's customers shall bring into being specifically different new

patent combinations for producing a different kind or size thread or revitalize patented combinations which had become exhausted by reason of full use of the long and reasonable life of chasers purchased from plaintiff in the production of the same size and kind of thread (Findings 225 to 229; R. pp. 4184, 4185; Stipulation, PX-3, in exhibit book supplementing printed record).

B.

Reasons Relied Upon for Allowance of the Writ.

I.

The Court of Appeals decision, under the circumstances of this case, that the threading chasers of petitioner's thread cutting combinations are perishable elements and therefore may be supplied without liability for contributory infringement is, it is submitted, an unwarranted extension of this principle as announced by this Honorable Court in *Wilson* v. *Simpson*, 9 How. 109, 13 L. Ed. 66, and the decisions relied upon by the Court of Appeals, namely, *Gillette Safety Razor Co.* v. *Standard Safety Razor Co.*, 64 Fed. (2d) 6 (C. C. A. 2); *Gillette Safety Razor Co.* v. *Hawley*, 64 Fed. (2d) 10 (C. C. A. 2); *American Safety Razor Corp.* v. *Frings Bros. Co.*, 62 Fed. (2d) 416 (C. C. A. 3), and is contrary to the true doctrine as set forth in this Honorable Court's opinion in *Wilson* v. *Simpson*.

This diversity of opinion and practice between the Sixth Circuit Court of Appeals and this Court's decisions it is respectfully submitted should be settled by this Honorable Court under its supervisory authority.

II.

The Court of Appeals decision in this case that there was no error in the decree dismissing the bill because plain-

tiff had attempted to expand its monopoly to cover unpatented chasers by notices is an unwarranted extension of the doctrine of the decisions of this Honorable Court in *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27, 75 L. Ed. 819, 51 S. Ct. 334; *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458, 80 L. Ed. 371, 58 S. Ct. 288; *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U. S. 488, 88 L. Ed. 363, 62 S. Ct. 402; and *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268 in that it extends the rule announced by this Honorable Court, namely, that agreements or understandings granting a patent holder a monopoly beyond the scope of his patent constitute a misuse of the patent and are contrary to the plain rights of a patentee, as set forth in this Honorable Court's opinions in the cases of *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *Leeds & Catlin Co.* v. *Victor Talking Machine Co. (No. 2)*, 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412; *United Shoe Machinery Corp.* v. *United States*, 258 U. S. 451; 66 L. Ed. 708, 42 S. Ct. 363 and the cases of *General Electric* v. *Continental Lamp Works*, 280 F. 846 (C. C. A. 2); *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. S. D. N. Y.); *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 685 (D. C. E. D. N. Y.).

In view of this diversity of opinion and practice, it, therefore, is respectfully submitted that the proper practice should be settled by this Honorable Court exercising its supervisory authority.

III.

The patent law has been consistently construed by this Honorable Court to give a patent owner the right to exclude others from manufacturing, using or selling the thing patented. As plaintiff's patent notices and license

notices merely advise the public and are merely an exercise of plaintiff's exclusive rights, the holding of the lower courts that plaintiff has violated the Clayton Act is contrary to this Honorable Court's decision in the case of *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 84 L. Ed. 852, 60 S. Ct. 631; *Strauss et al.* v. *Victor Talking Machine Co.*, 243 U. S. 490, 61 L. Ed. 866, 37 S. Ct. 412, and the cases of *General Electric Co.* v. *Continental Lamp Works*, 280 Fed. 846 (C. C. A. 2), *The Skee Ball Co.* v. *Cohen*, 286 Fed. 275 (D. C. E. D. N. Y.), *Radio Corp. of America et al.* v. *Andreas*, 15 Fed. S. 685 (30 USPQ 194) (D. C. E. D. N. Y.), and *Pick Manufacturing Co.* v. *General Motors Corp. et al.*, 80 Fed. (2d) 641 (C. C. A. 7).

It, therefore, is respectfully submitted that the ruling of the Circuit Court of Appeals in this case that plaintiff has violated the Clayton Act raises a question of diversity of opinion and practice which should be settled by this Honorable Court under its supervisory authority.

IV.

The Circuit Court of Appeals for the Sixth Circuit in this case suggests (R. 4251) that this Honorable Court's decision in *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268, modifying the doctrine of contributory infringement as set forth in the case of *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, leads to the conclusion that nothing has been left of the doctrine of contributory infringement and clearly indicates that clarification of this doctrine of the Patent Law is necessary to enable the Patent Office, the Courts, patentees in general, and the general public to be in a position to determine the right of patentees in combination patents of the type involved in this suit. It, therefore, is respectfully submitted that this Honorable Court should

exercise its supervisory authority to clarify the doctrine of contributory infringement as applied to the facts of this case to serve as a guide on this important question so widely affecting the rights of patentees and the general public.

V.

The Circuit Court of Appeals in this case, as a practical matter, ruled that a supplier of an unpatented element of a patented combination may supply the unpatented element to enable others to assemble for the first time a patented combination, using the unpatented element and other elements supplied by the patent owner for non-infringing use by themselves. Such a holding, it is submitted, is a clear extension of the doctrine of expendable elements as determined by the decision of this Honorable Court in *Wilson* v. *Simpson*, 9 How. 109, 13 L. Ed. 66, and the cases of *Gillette Safety Razor Co.* v. *Standard Safety Razor Co.*, 64 Fed. (2d) 6 (C. C. A. 2); *Gillette Safety Razor Co.* v. *Hawley*, 64 Fed. (2d) 10 (C. C. A. 2) *American Safety Razor Corp.* v. *Frings Bros. Co.*, 62 Fed. (2d) 416 (C. C. A. 3) and is contrary to the contributory infringement doctrine of *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (No. 2), 213 U. S. 325, 53 L. Ed. 816, 29 S. Ct. 503, as modified by this Honorable Court's decision in *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 88 L. Ed. 262, 64 S. Ct. 268.

It, accordingly, is respectfully submitted that this Honorable Court should exercise its supervisory authority and settle the question of whether the contributory infringement doctrine is available to patentees to protect their patent rights by a suit against a supplier who flagrantly aids others to produce a patented combination by supplying an unpatented element, usable only in the patented combination, for use with other elements having non-infringing

use purchased from the patentee with full knowledge of the patentee's combination patent rights.

Therefore, your petitioner respectfully prays that a Writ of Certiorari be issued out of and under the seal of this Honorable Court, directed to the Circuit Court of Appeals for the Sixth Circuit, commanding that Court to certify and to send to this Court for its review and determination a full and complete transcript of the record and all proceedings in the case numbered and entitled on its Docket No. 9524, Landis Machine Company, Plaintiff-Appellant, versus Chaso Took Company, Inc., Defendant-Appellee, and that the decree of the Circuit Court of Appeals for the Sixth Circuit may be reversed by this Honorable Court, and that your Petitioner may have such other and further relief in the premises as to this Honorable Court may seem mete and just.

LANDIS MACHINE COMPANY,
By WILLIAM A. STRAUCH,
Counsel for Petitioner.